

Message Text

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ACTION AF-06

INFO OCT-01 ARA-06 EUR-12 EA-06 NEA-09 ISO-00 INT-05 GSA-01

SP-02 AID-05 EB-07 NSC-05 RSC-01 CIEP-01 TRSE-00

SS-15 STR-01 OMB-01 CEA-01 PA-01 PRS-01 USIA-06

CIAE-00 COME-00 FRB-03 INR-07 NSAE-00 XMB-02 OPIC-03

LAB-04 SIL-01 /113 W

----- 009355

R 231300Z JAN 75

FM AMEMBASSY CONAKRY

TO SECSTATE WASHDC 0441

AMEMBASSY ACCRA

AMEMBASSY ALGIERS

AMEMBASSY ATHENS

AMEMBASSY BAMAKO

AMEMBASSY BELGRADE

AMEMBASSY BERN

AMEMBASSY CANBERRA

AMEMBASSY FREETOWN

AMEMBASSY GEORGETOWN

AMEMBASSY JAKARTA

AMEMBASSY KINGSTON

AMEMBASSY MONROVIA

AMCONSUL PARAMARIBO

AMEMBASSY PARIS

AMEMBASSY PORT AU PRINCE

AMEMBASSY PORT OF SPAIN

AMEMBASSY SAN JOSE

AMEMBASSY SANTO DOMINGO

AMEMBASSY THE HAGUE

AMEMBASSY YAOUNDE

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E.O. 11652: N/A

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TAGS: EGEN GV US

SUBJECT: SEKOU TOURE'S COMMENTS ON GUINEAN ECONOMY AND ON
RECENT BAUXITE DEVELOPMENTS

1. DURING MY FAREWELL CALL ON PRESIDENT SEKOU TOURE JANUARY 21, TOURE FRANKLY ADMITTED THAT GUINEAN ECONOMY WAS IN DEPLORABLE STATE. MANY PEOPLE SHORT OF FOOD, CONSUMER GOODS NOT AVAILABLE, AND COST OF LIVING EXTREMELY HIGH. HE MADE SPECIAL POINT OF "APOLOGIZING" FOR DIFFICULTIES AMERICANS HAVE TO UNDERGO WHILE LIVING HERE. HE SAID HE KNEW, FOR EXAMPLE, THAT AMERICANS MUST IMPORT ALL OF THEIR NEEDS FROM ABROAD, EVEN WHAT THEY EAT AND DRINK. BUT ALL OF THIS, HE SAID, WAS COMPLETELY INDEPENDENT OF HIS OR GOVERNMENT'S WILL. HIS SINGLE PREOCCUPATION, HE SAID, WAS IMPROVEMENT IN WELFARE OF PEOPLE. HE CONSIDERED RECOGNITION AND FRANK ADMISSION OF PROBLEMS TO BE FIRST CRITICAL STEP TOWARD SOLVING THEM. HE SAID THAT PARTY AND GOVERNMENT NOW DOING EVERYTHING POSSIBLE TO IMPROVE ECONOMIC SITUATION, PARTICULARLY GUINEAN AGRICULTURE.

2. I MENTIONED HAVING ALSO NOTED NEW GUINEAN MOVES IN FIELD OF MINERALS, ESPECIALLY BAUXITE. SAID I UNDERSTOOD HALCO OFFICIALS HAD THEMSELVES PROPOSED BAUXITE PRICE INCREASE TO GUINEANS AND WERE NOW STUDYING NEW BAUXITE EXPORT TAX IN LIGHT OF THEIR CONTRACTUAL AGREEMENT WITH GUINEAN GOVERNMENT.

3. TOURE SAID THAT GOVERNMENT PREPARED TO ACCEPT HALCO'S FORMULA FOR PRICE INCREASES. SEEMED REASONABLE AND APPROPRIATE FOR GUINEA TO RECEIVE SOME DIRECT COMPENSATION FOR ITS WEALTH WHICH BEING REMOVED. REGARDING AGREEMENTS WITH HALCO AND OTHER FOREIGN INVESTORS, HE HAD NO INTENTION OF CHANGING THESE AGREEMENTS, EVEN WHERE HE BELIEVED--AND HAD STATED-- THAT THEY WERE INEQUITABLE. IF FOREIGN PARTNERS THEMSELVES WISHED TO PROPOSE CHANGES IN AGREEMENTS TO CORRECT THEM, GUINEANS WOULD BE HAPPY TO ACCEPT. BUT GUINEAN GOVERNMENT ITSELF HAS NOT CHANGED THE AGREEMENTS.

4. TOURE ALSO REFERRED TO RECENTLY ANNOUNCED AGREEMENT WITH CERTAIN ARAB STATES FOR NEW BAUXITE/ALUMINA EXPLOITATION AT AYAKOYE IN BOKE REGION (SEPTTEL). WHILE PROVIDING NO DETAILS, TOURE SAID THAT NEW PROJECT WOULD LEAD TO PRODUCTION OF LIMITED OFFICIAL USE

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2 MILLION TONS OF ALUMINA.

5. I ASKED PRESIDENT ABOUT APPLICATION OF GUINEA'S NEWLY ANNOUNCED POLICY -- ESPECIALLY CONCERNING PARTICIPATION OF FOREIGN INVESTORS IN INFRASTRUCTURE-- TO OTHER BAUXITE PROJECTS, REFERRING SPECIFICALLY TO ALUSUISSE PROJECT NEAR TOUGUE. TOURE REPLIED THAT HE HAD TOLD ALUSUISSE OFFICIALS THAT IF COMPANY WISHED TO CONTINUE WITH PROJECT, THEY MUST ALSO AGREE TO

HELP FINANCE CONSTRUCTION OF PART OF TRANS-GUINEAN RAILROAD.
DECISION ON WHETHER TO PROCEED WITH PROJECT WAS UP TO COMPANY
ALONE, BUT PARTICIPATION IN DEVELOPING NECESSARY INFRASTRUCTURE
WAS FIRM CONDITION AS FAR AS GUINEANS CONCERNED. (COMMENT:
I HAVE SINCE LEARNED, ON HIGHLY CONFIDENTIAL BASIS, THAT ALUSUISSE
HAS NOW AGREED TO PARTICIPATE IN FINANCING OF RAILROAD,
ALTHOUGH THEY HAD PREVIOUSLY REFUSED TO DO ANY MORE THAN HELP
SEEK OUTSIDE FINANCING.)TODMAN

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Disposition Approved on Date:
Disposition Authority: MorefiRH
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Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
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Margaret P. Grafeld
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